

SELMA TOWNSHIP, WEXFORD COUNTY

CADILLAC, MICHIGAN

JUNE 30, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

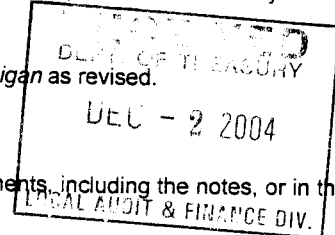
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Selma Township</b>	County <b>Wexford</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>9/15/04</b>	Date Accountant Report Submitted to State: <b>11/18/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter &amp; Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>		City <b>Cadillac</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49601</b>	Date <b>11/18/04</b>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

JUNE 30, 2004

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September 15, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board  
Selma Township  
Wexford County  
Cadillac, Michigan

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Selma Township, Wexford County, Cadillac, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Selma Township, Wexford County, Cadillac, Michigan, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* as of July 1, 2003.

The management's discussion and analysis on pages iii through x and budgetary comparison information on page 24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Selma Township, Wexford County, Cadillac, Michigan's basic financial statements. The combining and individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

SELMA TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

Selma Township, a general law township located in Wexford County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Selma Township board's discussion and analysis of the financial results for the fiscal year ended June 30, 2004. In future years, comparative information will be provided.

**Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$1,615,173. Of this amount, \$504,760 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$501,593 an increase of \$46,065 in comparison with the prior year. About 63.76% is available for spending at the Township's discretion.
- ◆ The Township is not obligated under any long-term debt as of June 30, 2004.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2004 for Selma Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.



SELMA TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government and administration, public safety, public works, culture and recreation, debt service and other functions. The business-type activities of the Township include Sewer operation.

**Fund Financial Statements**

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General Long-Term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. All of the funds of the Township can be divided into two categories - governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds** – The Township maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund since it is considered to be a major fund of the Township.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

**Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

**Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$1,615,173 at June 30, 2004, meaning the Township's assets were greater than its liabilities by this amount. Because of GASB Statement Number 34, this is the first year that this information is presented; therefore, only one year of data is shown. A useful comparative analysis will be presented in future years when the information is available.

**Selma Township**  
**Net Assets as of June 30, 2004**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Assets</b>			
Current Assets	\$ 501,597	\$ 70,986	\$ 572,583
Non Current Assets			
Capital Assets	796,994	1,221,644	2,018,638
Less: Accumulated Depreciation	(389,654)	(586,390)	(976,044)
Total Non Current Assets	407,340	635,254	1,042,594
<b>Total Assets</b>	<b>\$ 908,937</b>	<b>\$ 706,240</b>	<b>\$ 1,615,177</b>
<b>Liabilities</b>			
Current Liabilities	\$ 4	\$ 0	\$ 4
<b>Net Assets</b>			
Invested in Capital Assets	407,340	635,254	1,042,594
Restricted for Specific Purposes	67,819	0	67,819
Unrestricted	433,774	70,986	504,760
<b>Total Net Assets</b>	<b>908,933</b>	<b>706,240</b>	<b>1,615,173</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 908,937</b>	<b>\$ 706,240</b>	<b>\$ 1,615,177</b>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others). The Township is not responsible for any long-term debt as of June 30, 2004. Other liabilities are minimal as of June 30, 2004.

SELMA TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2004

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The total net assets of the Township increased by \$76,410 or 4.966% in this fiscal year, which is a good indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Selma Township**  
**Change in Net Assets**  
**for the Fiscal Year Ended June 30, 2004**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b><u>Revenues</u></b>			
<b>Program Revenues</b>			
Charges for Services	\$ 38,861	\$ 89,634	\$ 128,495
Capital Grants and Contributions	6,000	0	6,000
<b>General Revenues</b>			
Property Taxes and Assessments	119,579	0	119,579
State Shared Revenue	135,081	0	135,081
Unrestricted Investment Earnings	4,014	520	4,534
Gain on Sale of Capital Assets	620	0	620
Other	17	0	17
<b>Total Revenues</b>	<b>\$ 304,172</b>	<b>\$ 90,154</b>	<b>\$ 394,326</b>
<b><u>Expenses</u></b>			
Legislative	\$ 6,202	\$ 0	\$ 6,202
General Government, Administrative	102,116	0	102,116
Public Safety	40,723	0	40,723
Public Works	1,046	0	1,046
Culture and Recreation	34,376	0	34,376
Other Functions	26,302	0	26,302
Debt Service	28	0	28
Sewer	0	107,123	107,123
<b>Total Expenses</b>	<b>\$ 210,793</b>	<b>\$ 107,123</b>	<b>\$ 317,916</b>
Changes in Net Assets	93,379	(16,969)	76,410
NET ASSETS – Beginning of Year	815,554	723,209	1,538,763
NET ASSETS – End of Year	<b>\$ 908,933</b>	<b>\$ 706,240</b>	<b>\$ 1,615,173</b>

SELMA TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

**Governmental Activities**

During the fiscal year ended June 30, 2004, the Township's net assts increased by \$93,379 or 11.45% in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant port of the revenue for all governmental activities of Selma Township comes from property taxes. The Township levied a millage for fire protection, in addition to the operating and road improvement millages, this fiscal year. The Township levied 0.7774 mills for operating purposes, 0.9469 mills for road improvement, and 0.4868 mills for fire protection.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. In 2004, the amount of state shared revenue received by the Township trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

Capital grants represent grant dollars, whether federal, state, or local, that the Township has secured in order to assist in capital asset construction and infrastructure improvement within the Township. The grant received during the current fiscal year assisted the Township in constructing a new well to assist in more effective fire protection.

The Township's governmental activities expenses are dominated by general governmental expenses that total 48.44% of total expenses. The Township spent \$102,116 in fiscal year 2004 on general administrative expenses. Public safety represented the next largest expense at \$40,723 followed by recreation and culture at \$34,376. These represent 19.32% and 16.31% respectively. Expenses for salaries, including Township assessor, represent a large portion of the general administrative expenses at \$61,355. Depreciation expense added another \$11,400.

**Business-Type Activities**

The Township utilizes a Sewer Fund to account for its sewer operations. Revenue is collected from customers within the Township. These charges for services totaled \$89,634 for 2004. The Township pays the Wexford County Department of Public Works for Township sewer services which accounted for \$82,690 of the Sewer Funds expenses or 77.20%. Depreciation expense of \$24,433 accounted for the remaining 22.80%.

Sewer operations experienced a 2.346% decrease in net assets. This is due mainly to the deduction for depreciation expense on the capital assets.

The Sewer Fund is the Township's only Business-Type activity.

SELMA TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

**Financial Analysis of the Government's Funds**

***Governmental Activities*** The focus of Selma Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Selma Township's governmental funds reported combined ending fund balances of \$501,593. Approximately 63.76% of this total amount (\$319,817) constitutes unreserved fund balance. The remainder of the fund balance is reserved for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that relate to fire protection.

**General Fund** – The General Fund increased its fund balance by \$8,688 which brings the fund balance to \$342,251. Of the General Fund's fund balance, \$319,817 is unreserved while \$22,434 is reserved for prepaid expenditures. All of the General Fund's functions, except for the assessor function, ended the year with expenditures below budgeted amounts. The assessor differential is minor and was funded by available fund balance. Property tax revenues increased by 3.098% or \$1,267. State shared revenues decreased by \$7,488 from the prior year. This represents a 5.25% reduction which resulted from the State Actions in response to the economic slowdown experienced throughout the State of Michigan.

**Fire Fund** – The Fire Fund increased its fund balance by \$20,622 which brings the fund balance to \$44,142. This balance is reserved and must be used for fire protection.

The Township levied a fire millage on the 2003 tax roll. This resulted in \$26,286 in tax related revenues during the current fiscal year. The Fire Fund also received a \$6,000 grant from the Michigan Department of Natural Resources to assist in the construction of a new well utilized to fill the fire trucks with water more efficiently.

The only expenditure was the capital outlay for the new well. During the prior year, the only revenue was interest earnings and the only financing use was a transfer to the General Fund to help fund the purchase of a new fire truck.

**Road Improvement Fund** – The Road Improvement Fund increased its fund balance by \$8,748 which brings the fund balance to \$23,677. The balance is reserved and must be used for road improvements.

The Township did once again levy a road improvement millage on the 2003 tax roll. Tax related revenues totaled \$51,115 a 3.99% increase, for the current fiscal year. The Township is not obligated under any contracts of the Road Commission as of June 30, 2004.

SELMA TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

**Proprietary Fund** The Township's proprietary fund provides the same information as the government-wide statements.

**Sewer Fund** – The Sewer Fund ended the fiscal year with a decrease in net assets of \$16,969. This is due largely to the deduction of depreciation expense on the Fund's capital assets. The unrestricted net assets actually increased \$7,464 also due mainly to the deduction of depreciation expense. Net assets invested in capital assets decreased by the amount of the depreciation deduction or \$24,433. Despite the decrease in net assets, the Fund is still in stable condition. A positive change in cash flows illustrates that actual cash inflows are higher than cash outflows.

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental and business-type activities as of June 30, 2004 amounted to \$1,042,594 net of accumulated depreciation. The total net increase in the Township's investment in capital assets for the current fiscal year was 5.01% entirely in the governmental activities.

Capital assets summarized below include any items purchased with a cost greater than \$300 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

**Selma Township**  
**Capital Assets as of June 30, 2004**

	Governmental Activities	Business-Type Activities	Total Primary Government
Land and Land Improvements	\$ 72,318	\$ 0	\$ 72,318
Buildings	228,366	0	228,366
Improvements Other than Buildings	0	1,221,644	1,221,644
Equipment, Furniture and Fixtures	496,310	0	496,310
	796,994	1,221,644	2,018,638
Less Accumulated Depreciation	389,654	586,390	976,044
<b>Net Capital Assets</b>	<b>\$ 407,340</b>	<b>\$ 635,254</b>	<b>\$ 1,042,594</b>

Major capital asset events during the current fiscal year included the following:

- ◆ A new well constructed to enhance efficiency of the Township's fire protection cost \$17,460.
- ◆ The purchase of a 2004 Chevy Silverado 2500 HD pickup truck amounted to \$20,947.

**Long-Term Debt.** Selma Township has no obligation for any long-term debt as of June 30, 2004.

SELMA TOWNSHIP, WEXFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2004

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State shared revenues are expected to decrease by at least 1.091% in the 2004-05 fiscal year. The Township has budgeted for a larger decrease as more cuts are expected. The Township's millage rate was reduced again by the Headlee Amendment rollback to 0.762 mills for general operating purposes.

A road millage and a fire millage were once again levied for the 2004 tax roll. The mills to be levied for the 2004 tax roll for roads and fire protection are 0.9281 and 0.4771 respectively.

These factors were considered in preparing the Township's budgets for the 2004-05 fiscal year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Selma Township at 4101 S. 35 Road, Cadillac, MI 49601.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS  
JUNE 30, 2004

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
<u>ASSETS</u>			
Cash	\$ 473,163	\$ 46,171	\$ 519,334
Account Receivable	0	24,815	24,815
Due from Other Governments	6,000	0	6,000
Prepaid Expenditures	22,434	0	22,434
Total Current Assets	501,597	70,986	572,583
<u>CAPITAL ASSETS</u>			
Land and Land Improvements	72,318	0	72,318
Buildings	228,366	0	228,366
Improvements Other Than Buildings	0	1,221,644	1,221,644
Equipment, Furniture and Fixtures	496,310	0	496,310
Less Accumulated Depreciation	796,994	1,221,644	2,018,638
Net Capital Assets	(389,654)	(586,390)	(976,044)
TOTAL ASSETS	908,937	706,240	1,615,177
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
External Party Payable	4	0	4
<u>NET ASSETS</u>			
Invested in Capital Assets	407,340	635,254	1,042,594
Restricted for Specific Purposes	67,819	0	67,819
Unrestricted	433,774	70,986	504,760
TOTAL NET ASSETS	\$ 908,933	\$ 706,240	\$ 1,615,173

The accompanying notes are an integral part of the financial statements.



SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
<u>PRIMARY GOVERNMENT</u>							
<u>GOVERNMENTAL ACTIVITIES</u>							
Legislative	\$ 6,202	\$ 0	\$ 0	\$ 0	\$ (6,202)	\$ 0	\$ (6,202)
General Government, Administrative	102,116	8,235	0	0	(93,881)	0	(93,881)
Public Safety	40,723	6,476	0	6,000	(28,247)	0	(28,247)
Public Works	1,046	0	0	0	(1,046)	0	(1,046)
Culture and Recreation	34,376	24,150	0	0	(10,226)	0	(10,226)
Other Functions	26,302	0	0	0	(26,302)	0	(26,302)
Debt Service	28	0	0	0	(28)	0	(28)
Total Governmental Activities	210,793	38,861	0	6,000	(165,932)	0	(165,932)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Sewer System	107,123	89,634	0	0	0	(17,489)	(17,489)
TOTAL	\$ 317,916	\$ 128,495	\$ 0	\$ 6,000	\$ (165,932)	\$ (17,489)	\$ (183,421)
<u>GENERAL REVENUES</u>							
Property Tax and Special Assessments					\$ 119,579	\$ 0	\$ 119,579
State Shared Revenue					135,081	0	135,081
Unrestricted Investment Earnings					4,014	520	4,534
Gain on Sale of Capital Assets					620	0	620
Other					17	0	17
Total General Revenues and Transfers					259,311	520	259,831
Change in Net Assets					93,379	(16,969)	76,410
<u>NET ASSETS</u> - Beginning of Year					815,554	723,209	1,538,763
<u>NET ASSETS</u> - End of Year					\$ 908,933	\$ 706,240	\$ 1,615,173

The accompanying notes are an integral part of the financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET  
JUNE 30, 2004

	GENERAL FUND	FIRE FUND	ROAD IMPROVEMENT FUND	NONMAJOR FUNDS	TOTALS
<u>ASSETS</u>					
Cash	\$ 318,934	\$ 37,980	\$ 24,726	\$ 91,523	\$ 473,163
Due from Other Funds	1,182	162	0	266	1,610
Due from Other Governments	0	6,000	0	0	6,000
Prepaid Expenditures	22,434	0	0	0	22,434
TOTAL ASSETS	<u>\$ 342,550</u>	<u>\$ 44,142</u>	<u>\$ 24,726</u>	<u>\$ 91,789</u>	<u>\$ 503,207</u>
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Due to Other Funds	\$ 299	\$ 0	\$ 1,049	\$ 266	\$ 1,614
<u>FUND BALANCE</u>					
Reserved for:					
Prepaid Expenditures	\$ 22,434	\$ 0	\$ 0	\$ 0	\$ 22,434
Fire Protection	0	44,142	0	0	44,142
Road Improvements	0	0	23,677	0	23,677
Cemetery	0	0	0	4,929	4,929
Liquor Law Enforcement	0	0	0	242	242
Public Improvements	0	0	0	32,018	32,018
Debt Retirement	0	0	0	54,334	54,334
Unreserved					
Undesignated	319,817	0	0	0	319,817
Total Fund Balance	<u>342,251</u>	<u>44,142</u>	<u>23,677</u>	<u>91,523</u>	<u>501,593</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 342,550</u>	<u>\$ 44,142</u>	<u>\$ 24,726</u>	<u>\$ 91,789</u>	<u>\$ 503,207</u>

The accompanying notes are an integral part of the financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2004

Total Fund Balances for Governmental Funds	\$	501,593
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	40,370	
Land Improvements	31,948	
Buildings	228,366	
Equipment, Furniture and Fixtures	496,310	
Accumulated Depreciation	(389,654)	407,340

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>908,933</u>
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The accompanying notes are an integral part of the financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004

	GENERAL FUND	FIRE FUND	ROAD IMPROVEMENT FUND	NONMAJOR FUNDS	TOTALS
<u>REVENUES</u>					
Taxes	\$ 42,178	\$ 26,286	\$ 51,115	\$ 0	\$ 119,579
Licenses and Permits	4,753	0	0	0	4,753
State Grants	135,081	6,000	0	523	141,604
Charges for Services	8,135	0	0	250	8,385
Interest and Rents	4,214	176	173	501	5,064
Other Revenues	17	620	0	24,266	24,903
Total Revenues	194,378	33,082	51,288	25,540	304,288
<u>EXPENDITURES</u>					
Legislative	6,202	0	0	0	6,202
General Government	92,165	0	0	0	92,165
Public Safety	34,287	17,460	0	560	52,307
Public Works	866	0	42,540	3,437	46,843
Culture and Recreation	10,226	0	0	24,150	34,376
Other Functions	26,302	0	0	0	26,302
Debt Service	0	0	0	28	28
Total Expenditures	170,048	17,460	42,540	28,175	258,223
Excess (Deficiency) of Revenues Over Expenditures	24,330	15,622	8,748	(2,635)	46,065

The accompanying notes are an integral part of the financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2004

	GENERAL FUND	FIRE FUND	ROAD IMPROVEMENT FUND	NONMAJOR FUNDS	TOTALS
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In	438	5,000	0	11,080	16,518
Operating Transfers Out	(16,080)	0	0	(438)	(16,518)
Total Other Financing Sources (Uses)	(15,642)	5,000	0	10,642	0
Net Change in Fund Balance	8,688	20,622	8,748	8,007	46,065
<u>FUND BALANCE -</u>					
Beginning of Year	333,563	23,520	14,929	83,516	455,528
<u>FUND BALANCE -</u>					
End of Year	\$ 342,251	\$ 44,142	\$ 23,677	\$ 91,523	\$ 501,593

The accompanying notes are an integral part of the financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2004

Net change in Fund Balance - Total Governmental Funds	\$ 46,065
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(38,223)
Capital Outlay	39,856
Repayments of principal on long-term debt is an expenditure in the governmental fund, but not in the statement of activities (where it is a reduction of liabilities).	
Road Commission Contracts Payable	45,797
Under modified accrual basis of accounting, revenue is recognized when measurable and certain. The entity wide statements recognize revenue when earned.	
Special assessment revenue previously recognized when earned for the entity wide statements.	<u>(116)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 93,379</u>

The accompanying notes are an integral part of the financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

PROPRIETARY FUND

STATEMENT OF NET ASSETS

JUNE 30, 2004

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

	<u>ASSETS</u>	<u>SEWER FUND</u>
<u>CURRENT ASSETS</u>		
Cash		\$ 46,171
Accounts Receivable		24,815
		<hr/>
Total Current Assets		70,986
		<hr/>
<u>CAPITAL ASSETS</u>		
Improvements Other Than Buildings		1,221,644
Less Accumulated Depreciation		(586,390)
		<hr/>
Net Capital Assets		1,808,034
		<hr/>
TOTAL ASSETS		\$ 1,879,020
		<hr/> <hr/>
	<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>		\$ 0
		<hr/>
<u>NET ASSETS</u>		
Invested in Capital Assets		635,254
Unrestricted		70,986
		<hr/>
Total Net Assets		706,240
		<hr/>
TOTAL LIABILITIES AND NET ASSETS		\$ 706,240
		<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

JUNE 30, 2004

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

	<u>SEWER FUND</u>
<u>OPERATING REVENUES</u>	
Charges for Services	
Sewer Use Charges and Connection Fees	\$ 89,634
<u>OPERATING EXPENSES</u>	
Contracted Services	82,690
Depreciation	24,433
Total Operating Expenses	107,123
Operating Income (Loss)	(17,489)
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	520
Change in Net Assets	(16,969)
<u>NET ASSETS - Beginning of Year</u>	723,209
<u>NET ASSETS - End of Year</u>	\$ 706,240

The accompanying notes are an integral part of the financial statements.



SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

JUNE 30, 2004

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND - MAJOR FUND

	<u>SEWER FUND</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 85,397
Cash Payments to Suppliers for Goods and Services	<u>(82,690)</u>
Net Cash Provided by Operating Activities	<u>2,707</u>
Cash Flows from Investing Activities:	
Interest Received	<u>520</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,227
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>42,944</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 46,171</u>
<u>RECONCILIATION OF OPERATING INCOME</u> <u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>	
Operating Income (Loss)	<u>\$ (17,489)</u>
Adjustments to Reconcile Operating Income	
To Net Cash Provided by Operating Activities	
Depreciation	24,433
(Increase) Decrease in Current Assets	
Accounts Receivable	<u>(4,237)</u>
Total Adjustments	<u>20,196</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,707</u>

The accompanying notes are an integral part of the financial statements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Selma Township is a general law township located in Wexford County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

During fiscal year 2004, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Selma Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

The *Road Improvement Fund* accounts for revenue sources that are legally restricted to expenditure for road improvements.

Selma Township reports the following major proprietary funds:

The *Sewer Fund* records financial activity of the Township's portion of the Cadillac-Mitchell Sewer Loop Project. The Township participates in the Cadillac-Mitchell Sewer Loop Project with Clam Lake Township and Cherry Grove Township.

Additionally Selma Township reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The *debt service funds* account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *proprietary funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less from date of acquisition.

(I) The Township Board has authorized the Township Treasurer to invest in the following:

- (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

- (b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution. Authorized depositories shall be designated by the Selma Township Board at the Board's organizational meeting after each regular election of board members.
- (c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptances of United States banks.
- (f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- (g) Mutual funds registered under the Investment Company Act of 1940, Title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by the Township Treasurer. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share. (Recommendation--the above limitation is recommended, however, the Treasurer may also include mutual funds whose net asset value may fluctuate on a periodic basis by so stating in this area).
- (h) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- (i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

**2. *Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and 50% of Cadillac Area Public School's taxes are levied and due July 1, and become delinquent after September 14. County and the balance of school taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2003 taxable valuation of the Selma Township totaled \$53,525,830, on which ad valorem taxes levied consisted of 0.7774 mills for the Selma Township operating purposes, 0.9469 mills for the Selma Township road improvements, and 0.4868 mills for Selma Township fire protection. These levies raised approximately \$41,609 for operating purposes and \$50,674 for road improvements, and \$26,059 for fire protection.

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$300 (amount not rounded) and an estimated useful life in excess of one years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Equipment	5-10

Selma Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning July 1, 2003, in accordance with the Township's capitalization policy.

**5. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

**6. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**7. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

**8. Comparative data/Reclassifications**

Comparative total data for prior years have been presented for all funds in the fund financial statement in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on June 28, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**B. Funds with Expenditures in Excess of Appropriations were as follows:**

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Assessor	\$ 20,850	\$ 22,059
Fire Fund	5,000	17,460

These overages were funded by greater than anticipated revenues and available fund balance.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The Township's deposits are owned by several of the Township's funds. A total of \$292,121 of the Township's \$559,873 of total bank deposits are in accounts which exceed the Federal depository insurance of \$100,000 and are uncollateralized. The remaining \$267,752 of bank deposits and investments are in separate accounts which are fully insured. All bank deposits are in Citizens Bank.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

At year-end, the carrying amount of the Township's deposits was \$519,334 and the bank balance was \$559,873.

DEPOSITS

The carrying amount of the Township's deposits at year-end are shown below:

Citizens Bank		
Cadillac, Michigan		
Savings and Money Market Accounts	\$	507,214
Certificates of Deposit		<u>12,120</u>
	\$	<u>519,334</u>

**B. Receivables**

Receivables as of year end for the government's individual major fund and nonmajor funds in aggregate, are as follows:

	General	Fire	Road Improvement	Sewer	Nonmajor And Other Funds	Total
Receivables						
Accounts	\$ 0	\$ 0	\$ 0	\$ 24,815	\$ 0	\$ 24,815
Intergovernmental	0	6,000	0	0	0	6,000
	<u>\$ 0</u>	<u>\$ 6,000</u>	<u>\$ 0</u>	<u>\$ 24,815</u>	<u>\$ 0</u>	<u>\$ 30,815</u>

The allowance for doubtful accounts is not considered to be material for disclosure. In addition, any delinquent sewer service receivables can be placed on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

No deferred revenue was recorded in any of the funds at the end of the current fiscal year.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

**C. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 40,370	\$ 0	\$ 0	\$ 40,370
Capital assets, being depreciated				
Buildings	\$ 228,466	\$ 0	\$ 100	\$ 228,366
Land Improvements	31,948	0	0	31,948
Equipment, Furniture and Fixtures	460,134	39,856	3,680	496,310
Total capital assets, being depreciated	\$ 720,548	\$ 39,856	\$ 3,780	756,624
Less accumulated depreciation for:				
Buildings	\$ 103,637	\$ 5,422	\$ 100	\$ 108,959
Land Improvements	16,156	1,597	0	17,753
Equipment, Furniture and Fixtures	235,418	31,204	3,680	262,942
Total accumulated depreciation	\$ 355,211	\$ 38,223	\$ 3,780	\$ 389,654
Total capital assets, being depreciated, net	\$ 365,337	\$ 1,633	\$ 0	\$ 366,970
Governmental activities capital assets, net	\$ 405,707	\$ 1,633	\$ 0	\$ 407,340
<u>Business-Type Activities</u>				
Capital assets, being depreciated				
Improvements other than buildings	\$ 1,221,644	\$ 0	\$ 0	\$ 1,221,644
Less accumulated depreciation for:				
Improvements other than buildings	\$ 561,957	\$ 24,433	\$ 0	\$ 586,390
Business-type activities capital assets, net	\$ 659,687	\$ (24,433)	\$ 0	\$ 635,254

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 11,400
Public Safety	<u>26,823</u>
Total depreciation expense - governmental activities	<u>\$ 38,223</u>
Business-type activities:	
Sewer	<u>\$ 24,433</u>

Construction Commitments:

The government has no outstanding construction commitments as of June 30, 2004.

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at June 30, 2004, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 1,182	\$ 299
Special Revenue Funds		
Fire	162	0
Road Improvement	0	1,049
Hiawatha Beach Road Improvement	133	133
Paul Bunyan Drive Road Improvement	133	133
Fiduciary Funds		
Current Tax Collection	<u>4</u>	<u>0</u>
	<u>\$ 1,614</u>	<u>\$ 1,614</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

Interfund Transfers as of June 30, 2004, were:

	<u>TRANSFERS IN</u>	<u>OUT</u>
<u>Primary Government</u>		
General Fund	\$ 438	\$ 16,080
Fire Fund	5,000	0
Nonmajor Special Revenue Funds	<u>11,080</u>	<u>438</u>
	<u>\$ 16,518</u>	<u>\$ 16,518</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

Transfers are used (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**E. Long-Term Debt**

The following is a summary of the long-term debt transactions of the Township of Selma for the year ended June 30, 2004:

	<u>LOANS</u>
Long -Term Debt Payable	
At July 1, 2003	\$ 45,797
New Debt Incurred	0
Payments on Debt	<u>(45,797)</u>
 LONG-TERM DEBT PAYABLE	
AT JUNE 30, 2004	 <u>\$ 0</u>

At June 30, 2004, the Township was not obligated for any long-term debt.

**F. Fund Balance Reserves and Designations**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances/retained earnings in various funds. In addition, certain portions of unreserved fund balances/retained earnings have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved

General Fund

Prepaid Expenditures	\$ 22,434
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Special Revenue Funds

Fire Fund

Fire Protection	\$ 44,142
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Cemetery Fund

Cemetery	4,929
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Liquor Law Enforcement Fund

Liquor Law Enforcement	242
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Improvement Revolving Fund

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004

Public Improvements	32,018	
Road Improvement Fund		
Road Improvements	<u>23,677</u>	105,008
Debt Service Funds		
Reserved for Debt Service		
Sewer Project		<u>54,334</u>
TOTAL FUND BALANCE		
RESERVATIONS AND DESIGNATIONS		<u>\$ 181,776</u>

**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions insurance and workers' compensation. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**B. Sewer Fund**

The Township is participating with Clam Lake and Cherry Grove Townships in the Lakes Cadillac-Mitchell Sewer Loop Project. This project was being financed through state and federal grants and the sale of special assessment bonds. The total estimated cost of the project is \$2,605,674. Selma Township's share of this project is 46.884% (\$1,221,644). This amount has been capitalized as an asset in the Sewer Fund. The Township has contracted with the Wexford County Department of Public Works to operate and maintain the system.

**C. Lake Improvement Fund**

The Township has joined with Cherry Grove Township and the City of Cadillac to establish a Lake Improvement Board for the purpose of improving Lake Mitchell. A special assessment district was established with each municipality collecting the assessment from its property owners within the district. Selma Township and the City of Cadillac send the collected assessments to Cherry Grove Township who has been designated by the Lake Improvement Board to maintain the records for the Lake Improvements.

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2004

	GENERAL FUND				FIRE FUND				ROAD IMPROVEMENT FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>												
Taxes	\$ 37,006	\$ 37,006	\$ 42,178	\$ 5,172	\$ 0	\$ 0	\$ 26,286	\$ 26,286	\$ 47,000	\$ 47,000	\$ 51,115	\$ 4,115
Licenses and Permits	4,000	4,000	4,753	753	0	0	0	0	0	0	0	0
State Grants	130,000	130,000	135,081	5,081	0	0	6,000	6,000	0	0	0	0
Charges for Services	6,040	6,040	8,135	2,095	0	0	0	0	0	0	0	0
Interest and Rents	2,500	2,500	4,214	1,714	200	200	176	(24)	50	50	173	123
Other Revenues	100	100	17	(83)	0	0	620	620	0	0	0	0
Total Revenues	179,646	179,646	194,378	14,732	200	200	33,082	32,882	47,050	47,050	51,288	4,238
<u>EXPENDITURES</u>												
Legislative	5,700	6,800	6,202	598	0	0	0	0	0	0	0	0
General Government	108,140	109,040	92,165	16,875	0	0	0	0	0	0	0	0
Public Safety	38,700	38,700	34,287	4,413	5,000	5,000	17,460	(12,460)	0	0	0	0
Public Works	1,000	1,000	866	134	0	0	0	0	42,910	42,910	42,540	370
Culture and Recreation	10,350	11,850	10,226	1,624	0	0	0	0	0	0	0	0
Other Functions	26,500	28,500	26,302	2,198	0	0	0	0	0	0	0	0
Contingency	0	5,600	0	5,600	0	0	0	0	0	0	0	0
Total Expenditures	190,390	201,490	170,048	31,442	5,000	5,000	17,460	(12,460)	42,910	42,910	42,540	370
Excess (Deficiency) of Revenues Over Expenditures	(10,744)	(21,844)	24,330	46,174	(4,800)	(4,800)	15,622	20,422	4,140	4,140	8,748	4,608
<u>OTHER FINANCING SOURCES (USES)</u>												
Transfers In	0	0	438	438	10,000	10,000	5,000	(5,000)	0	0	0	0
Transfers Out	(15,000)	(15,000)	(16,080)	(1,080)	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(15,000)	(15,000)	(15,642)	(642)	10,000	10,000	5,000	(5,000)	0	0	0	0
Net Change in Fund Balance	(25,744)	(36,844)	8,688	45,532	5,200	5,200	20,622	15,422	4,140	4,140	8,748	4,608
<u>FUND BALANCE</u> - Beginning of Year	36,844	36,844	333,563	296,719	20,000	20,000	23,520	3,520	11,000	11,000	14,929	3,929
<u>FUND BALANCE</u> - End of Year	\$ 11,100	\$ 0	\$ 342,251	\$ 342,251	\$ 25,200	\$ 25,200	\$ 44,142	\$ 18,942	\$ 15,140	\$ 15,140	\$ 23,677	\$ 8,537

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 318,934	\$ 311,472
Due from Other Funds	1,182	1,049
Prepaid Expenditures	22,434	21,042
TOTAL ASSETS	<u>\$ 342,550</u>	<u>\$ 333,563</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	<u>\$ 299</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>		
Balance		
Reserved for Prepaid Expenditures	22,434	21,042
Unreserved	319,817	312,521
Total Fund Balance	<u>342,251</u>	<u>333,563</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 342,550</u>	<u>\$ 333,563</u>



SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004 BUDGET</u>		<u>2004</u>	<u>2003</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes	\$ 37,006	\$ 37,006	\$ 42,178	\$ 40,911
Licenses and Permits	4,000	4,000	4,753	4,698
State Grants	130,000	130,000	135,081	142,569
Charges for Services	6,040	6,040	8,135	6,220
Interest and Rents	2,500	2,500	4,214	5,701
Other Revenues	100	100	17	78
Total Revenues	179,646	179,646	194,378	200,177
<u>EXPENDITURES</u>				
Legislative				
Township Board	5,700	6,800	6,202	6,340
General Government				
Supervisor	10,730	10,730	9,952	11,195
Election	4,900	4,900	1,570	2,576
Assessor	20,000	20,850	22,059	20,481
Legal Fees	1,500	1,500	0	0
Clerk	18,550	18,550	16,799	17,901
Board of Review	1,700	1,750	1,735	916
Treasurer	23,560	23,560	22,326	23,289
Building and Grounds	23,800	23,800	14,695	16,444
Cemetery	3,400	3,400	3,029	5,109
Public Safety	38,700	38,700	34,287	166,615
Public Works	1,000	1,000	866	721
Culture and Recreation	10,350	11,850	10,226	7,263
Other Functions	26,500	28,500	26,302	21,075
Contingency	0	5,600	0	0
Total Expenditures	190,390	201,490	170,048	299,925

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004 BUDGET</u>		<u>2004</u>	<u>2003</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,744)</u>	<u>(21,844)</u>	<u>24,330</u>	<u>(99,748)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out)				
Pleasant Lake Road Improvement Fund	0	0	0	\$ 1,099
Paul Bunyon Drive Road Improvement Fund	0	0	438	35
Peninsula Shore Road Improvement Fund	0	0	0	254
Township Improvement Revolving Fund	0	0	0	28,000
Fire Fund	0	0	0	107,000
Township Improvement Revolving Fund	(10,000)	(10,000)	(10,000)	(10,000)
Fire Fund	(5,000)	(5,000)	(5,000)	(7,500)
Hiawatha Beach Road Improvement Fund	<u>0</u>	<u>0</u>	<u>(1,080)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,642)</u>	<u>118,888</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(25,744)</u>	<u>(36,844)</u>	<u>8,688</u>	<u>19,140</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>36,844</u>	<u>36,844</u>	<u>333,563</u>	<u>314,423</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 11,100</u>	<u>\$ 0</u>	<u>\$ 342,251</u>	<u>\$ 333,563</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES  
FOR THE YEAR ENDED JUNE 30, 2004

TAXES

Current Property Taxes	\$ 41,555	
Current Industrial Facilities Tax	52	
Delinquent Property Tax	253	
Swamp Tax	8	
Penalty and Interest on Taxes	310	
Total Taxes		42,178

LICENSES AND PERMITS

Nonbusiness Licenses and Permits		4,753
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STATE GRANTS

Telecommunications Right of Way Maintenance	3,374	
Sales and Use Tax	131,707	
Total State Grants		135,081

CHARGES FOR SERVICES

Summer Tax Collection	6,045	
Burial Fees	875	
Land Splits	1,200	
Dog License Fees	15	
Total Charges for Services		8,135

INTEREST AND RENTS

Interest Earnings	3,164	
Hall and Sign Rental	1,050	
Total Interest and Rents		4,214

OTHER REVENUES

Miscellaneous		17
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TOTAL REVENUES		194,378
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OTHER FINANCING SOURCES

Operating Transfers In		
Paul Bunyon Drive Road Improvement Fund		438

TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 194,816
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SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages \$ 1,800

Other Services and Charges

Printing and Publishing 34

Professional Services 3,290

Dues 1,078

Total Legislative

6,202

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages 8,000

Salaries and Wages - Deputy 310

Supplies

Office Supplies 1,622

Other Services and Charges

Dues 20

Total Supervisor

9,952

Elections

Supplies

Operating Supplies 7

Other Services and Charges

Contracted Services 114

Capital Outlay 1,449

Total Elections

1,570

Assessor

Personal Services

Salaries and Wages 20,329

Supplies

Office Supplies 680

Other Services and Charges

Contracted Services 1,050

Total Assessor

22,059

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

Clerk

Personal Services

Salaries and Wages 15,000

Salaries and Wages - Deputy 30

Supplies

Office Supplies 251

Other Services and Charges

Contracted Services 1,468

Dues 50

Total Clerk 16,799

Board of Review

Personal Services

Salaries and Wages 560

Supplies

Office Supplies 660

Other Services and Charges

Transportation and Expense 487

Printing and Publishing 28

Total Board of Review 1,735

Treasurer

Personal Services

Salaries and Wages 15,050

Salaries and Wages - Deputy 920

Supplies

Office Supplies 3,038

Other Services and Charges

Professional Services 1,779

Printing and Publishing 5

Contracted Services 1,438

Dues 24

Refunds 72

Total Treasurer 22,326

Building and Grounds

Personal Services

Salaries and Wages 809

Supplies

Operating Supplies 1,043

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

Other Services and Charges		
Contracted Services	1,015	
Printing and Publishing	250	
Repairs and Maintenance	2,668	
Travel and Education	116	
Public Utilities	3,332	
Rental Refunds	150	
Capital Outlay	5,312	
Total Building and Grounds		14,695
Cemetery		
Personal Services		
Salaries and Wages	657	
Supplies		
Operating Supplies	290	
Other Services and Charges		
Contracted Services	1,749	
Travel and Education	9	
Public Utilities	120	
Repairs and Maintenance	54	
Refunds	75	
Capital Outlay	75	
Total Cemetery		3,029
Total General Government		92,165

PUBLIC SAFETY

Fire Department	
Personal Services	
Salaries and Wages	5,641
Supplies	
Operating Supplies	1,794
Other Services and Charges	
Printing and Publishing	93
Contracted Services	2,078
Repair and Maintenance	828
Public Utilities	3,322
Clothing and Transportation Reimbursement	8,910
Travel and Education	492

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

Capital Outlay	11,129	
Total Public Safety		34,287
<u>PUBLIC WORKS</u>		
Street Lighting		
Other Services and Charges		
Public Utilities		866
<u>CULTURE AND RECREATION</u>		
Recreation and Parks		
Personal Services		
Salaries and Wages	601	
Supplies		
Operating Supplies	478	
Other Services and Charges		
Contracted Services	320	
Repairs and Maintenance	87	
Travel and Education	19	
Clean-up Day	3,409	
Capital Outlay	5,312	
Total Culture and Recreation		10,226
<u>OTHER FUNCTIONS</u>		
Insurance and Bonds	17,289	
Employee Benefits		
Medicare and Social Security	5,260	
Worker's Compensation	3,753	
Total Employee Benefits	9,013	
Total Other Functions		26,302
TOTAL EXPENDITURES		170,048
<u>OTHER FINANCING USES</u>		
Operating Transfers Out		
Township Improvement Revolving Fund	10,000	
Fire Fund	5,000	

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

Hiawatha Beach Road Improvement Fund	<u>1,080</u>	
Total Other Financing Uses		<u>16,080</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES		<u>\$ 186,128</u>



SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

FIRE FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 37,980	\$ 23,520
Due from Other Funds	162	0
Due from Other Governments	6,000	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 44,142	\$ 23,520
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Fire Protection	44,142	23,520
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 44,142	\$ 23,520
	<hr/>	<hr/>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004 BUDGET</u>		<u>2004</u>	<u>2003</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes				
Current Property Taxes	\$ 0	\$ 0	\$ 26,025	\$ 0
Current Industrial Facilities Tax	0	0	33	0
Delinquent Property Taxes	0	0	34	0
Penalty and Interest on Taxes	0	0	194	0
State Sources				
DNR Grant	0	0	6,000	0
Interest and Rents				
Interest Earnings	200	200	176	166
Other Revenues				
Sale of Fixed Assets	0	0	620	0
Total Revenues	<u>200</u>	<u>200</u>	<u>33,082</u>	<u>166</u>
<u>EXPENDITURES</u>				
Public Safety				
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>17,460</u>	<u>0</u>
Excess of Revenues				
Over (Under) Expenditures	<u>(4,800)</u>	<u>(4,800)</u>	<u>15,622</u>	<u>166</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In				
General Fund	10,000	10,000	5,000	7,500
Operating Transfers Out				
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>(107,000)</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>5,000</u>	<u>(99,500)</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004 BUDGET</u>		<u>2004</u>	<u>2003</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	5,200	5,200	20,622	(99,334)
<u>FUND BALANCE</u> - Beginning of Year	20,000	20,000	23,520	122,854
<u>FUND BALANCE</u> - End of Year	<u>\$ 25,200</u>	<u>\$ 25,200</u>	<u>\$ 44,142</u>	<u>\$ 23,520</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 24,726	\$ 15,978
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 1,049	\$ 1,049
<u>FUND BALANCE</u>		
Reserved for Road Improvements	23,677	14,929
TOTAL LIABILITIES AND FUND BALANCE	\$ 24,726	\$ 15,978

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

ROAD IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDING JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004 BUDGET</u>		<u>2004</u>	<u>2003</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>				
Taxes				
Current Property Taxes	\$ 47,000	\$ 47,000	\$ 50,608	\$ 44,084
Current Industrial Facilities Tax	0	0	63	0
Delinquent Property Taxes	0	0	67	4,583
Penalty and Interest on Taxes	0	0	377	0
Interest				
Interest Earnings	50	50	173	87
Total Revenues	<u>\$ 47,050</u>	<u>\$ 47,050</u>	<u>\$ 51,288</u>	<u>\$ 48,754</u>
<u>EXPENDITURES</u>				
Public Works				
Highways, Streets and Bridges				
Personal Services				
Salaries and Wages	\$ 400	\$ 400	\$ 120	\$ 0
Supplies				
Operating Supplies	50	50	60	60
Other Services and Charges				
Repairs and Maintenance	42,460	42,460	42,360	42,360
Total Expenditures	<u>\$ 42,910</u>	<u>\$ 42,910</u>	<u>\$ 42,540</u>	<u>\$ 42,420</u>
Excess of Revenues				
Over (Under) Expenditures	\$ 4,140	\$ 4,140	\$ 8,748	\$ 6,334
<u>FUND BALANCE</u> - Beginning of Year	<u>11,000</u>	<u>11,000</u>	<u>14,929</u>	<u>8,595</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 15,140</u>	<u>\$ 15,140</u>	<u>\$ 23,677</u>	<u>\$ 14,929</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF NET ASSETS  
JUNE 30,

	<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
<u>CURRENT ASSETS</u>			
Cash			
Money Market Account		\$ 36,171	\$ 32,944
Certificate of Deposit		10,000	10,000
Accounts Receivable		24,815	20,578
		<hr/>	<hr/>
Total Current Assets		70,986	63,522
		<hr/>	<hr/>
<u>CAPITAL ASSETS</u>			
Investment in Sewer System		1,221,644	1,221,644
Less Accumulated Depreciation		586,390	561,957
		<hr/>	<hr/>
Net Capital Assets		635,254	659,687
		<hr/>	<hr/>
TOTAL ASSETS		<u>\$ 706,240</u>	<u>\$ 723,209</u>
		<hr/>	<hr/>
	<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		<u>\$ 0</u>	<u>\$ 0</u>
		<hr/>	<hr/>
<u>NET ASSETS</u>			
Invested in Capital Assets		635,254	659,687
Unrestricted		70,986	63,522
		<hr/>	<hr/>
Total Net Assets		706,240	723,209
		<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 706,240</u>	<u>\$ 723,209</u>
		<hr/>	<hr/>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Sewer Use Charges and Connection Fees	\$ 89,634	\$ 78,841
<u>OPERATING EXPENSES</u>		
Contracted Services		
Operation and Maintenance		
Wexford County Department of Public Works	82,690	82,354
Depreciation	24,433	24,433
Other	0	76
Total Operating Expenses	<u>107,123</u>	<u>106,863</u>
Operating Income (Loss)	(17,489)	(28,022)
<u>NONOPERATING REVENUES</u>		
Interest Income	<u>520</u>	<u>706</u>
Change in Net Assets	(16,969)	(27,316)
<u>NET ASSETS</u> - Beginning of Year	<u>723,209</u>	<u>750,525</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 706,240</u>	<u>\$ 723,209</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 85,397	\$ 84,339
Cash Payments to Suppliers for Goods and Services	(82,690)	(82,430)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	2,707	1,909
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Interest Received	520	706
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	3,227	2,615
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	42,944	40,329
	<hr/>	<hr/>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 46,171	\$ 42,944
	<hr/> <hr/>	<hr/> <hr/>
<u>RECONCILIATION OF OPERATING INCOME</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (17,489)	\$ (28,022)
	<hr/>	<hr/>
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation	24,433	24,433
(Increase) Decrease in Current Assets		
Accounts Receivable	(4,237)	5,498
	<hr/>	<hr/>
Total Adjustments	20,196	29,931
	<hr/>	<hr/>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	\$ 2,707	\$ 1,909
	<hr/> <hr/>	<hr/> <hr/>



SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING BALANCE SHEET

JUNE 30, 2004

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTALS
<u>ASSETS</u>				
Cash	\$ 37,189	\$ 54,334	\$ 0	\$ 91,523
Due from Other Funds	266	0	0	266
TOTAL ASSETS	<u>\$ 37,455</u>	<u>\$ 54,334</u>	<u>\$ 0</u>	<u>\$ 91,789</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to Other Funds	\$ 266	\$ 0	\$ 0	\$ 266
<u>FUND BALANCE</u>				
Reserved	<u>37,189</u>	<u>54,334</u>	<u>0</u>	<u>91,523</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 37,455</u>	<u>\$ 54,334</u>	<u>\$ 0</u>	<u>\$ 91,789</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2004

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTALS
<u>REVENUES</u>				
State Grants	\$ 523	\$ 0	\$ 0	\$ 523
Charges for Services	250	0	0	250
Interest and Rents	142	359	0	501
Other Revenues	116	0	24,150	24,266
Total Revenues	1,031	359	24,150	25,540
<u>EXPENDITURES</u>				
Public Safety	560	0	0	560
Public Works	3,437	0	0	3,437
Culture and Recreation	0	0	24,150	24,150
Debt Service	0	28	0	28
Total Expenditures	3,997	28	24,150	28,175
Excess (Deficiency) of Revenues Over Expenditures	(2,966)	331	0	(2,635)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	11,080	0	0	11,080
Transfers Out	(438)	0	0	(438)
Total Other Financing Sources (Uses)	10,642	0	0	10,642
Net Change in Fund Balances	7,676	331	0	8,007
<u>FUND BALANCES</u> - Beginning of Year	29,513	54,003	0	83,516
<u>FUND BALANCES</u> - End of Year	\$ 37,189	\$ 54,334	\$ 0	\$ 91,523

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET  
JUNE 30, 2004

	CEMETERY FUND	LIQUOR LAW ENFORCEMENT FUND	IMPROVEMENT REVOLVING FUND
<u>ASSETS</u>			
Cash			
Money Market and Savings Accounts	\$ 4,929	\$ 242	\$ 29,898
Certificates of Deposit	0	0	2,120
Due from Other Funds	0	0	0
TOTAL ASSETS	<u>\$ 4,929</u>	<u>\$ 242</u>	<u>\$ 32,018</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Due to Other Funds	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Reserved for:			
Cemetery	4,929	0	0
Liquor Law Enforcement	0	242	0
Public Improvements	0	0	32,018
TOTAL FUND BALANCES	<u>4,929</u>	<u>242</u>	<u>32,018</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,929</u>	<u>\$ 242</u>	<u>\$ 32,018</u>

HIAWATHA BEACH ROAD IMPROVEMENT FUND	PAUL BUNYAN DRIVE ROAD IMPROVEMENT FUND	TOTAL
\$ 0	\$ 0	\$ 35,069
0	0	2,120
133	133	266
\$ 133	\$ 133	\$ 37,455
\$ 133	\$ 133	\$ 266
133	133	266
0	0	4,929
0	0	242
0	0	32,018
0	0	37,189
\$ 133	\$ 133	\$ 37,455

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2004

	CEMETERY FUND	LIQUOR LAW ENFORCEMENT FUND	IMPROVEMENT REVOLVING FUND
<u>REVENUES</u>			
State Grants	\$ 0	\$ 523	\$ 0
Charges for Services	250	0	0
Interest and Rents	13	3	99
Other Revenues	0	0	0
Total Revenues	263	526	99
<u>EXPENDITURES</u>			
Public Safety	0	560	0
Public Works	0	0	0
Total Expenditures	0	560	0
Excess of Revenues Over (Under) Expenditures	263	(34)	99
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	0	0	10,000
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	0	10,000
Excess of Revenues and Other Sources (Under) Expenditures and Other Uses	263	(34)	10,099
<u>FUND BALANCE</u> - Beginning of Year	4,666	276	21,919
<u>FUND BALANCE</u> - End of Year	\$ 4,929	\$ 242	\$ 32,018

HIAWATHA BEACH ROAD IMPROVEMENT FUND	BUNYAN DRIVE ROAD IMPROVEMENT FUND	TOTAL
\$ 0	\$ 0	\$ 523
0	0	250
8	19	142
0	116	116
8	135	1,031
0	0	560
3,437	0	3,437
3,437	0	3,997
(3,429)	135	(2,966)
1,080	0	11,080
0	(438)	(438)
1,080	(438)	10,642
(2,349)	(303)	7,676
2,349	303	29,513
\$ 0	\$ 0	\$ 37,189

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

CEMETERY FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Savings Account	<u>\$        4,929</u>	<u>\$        4,666</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$          0	\$          0
<u>FUND BALANCE</u>		
Reserved for Cemetery	<u>4,929</u>	<u>4,666</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$        4,929</u>	<u>\$        4,666</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

CEMETERY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Charges for Services			
Sales of Cemetery Lots	\$ 200	\$ 250	\$ 750
Interest and Rents			
Interest Earnings	20	13	27
Total Revenues	220	263	777
<u>EXPENDITURES</u>			
General Government			
Cemetery			
Other Services and Charges			
Contracted Services	1,000	0	0
Capital Outlay	1,000	0	0
Total Expenditures	2,000	0	0
Excess of Revenues Over (Under) Expenditures	(1,780)	263	777
<u>FUND BALANCE</u> - Beginning of Year	4,650	4,666	3,889
<u>FUND BALANCE</u> - End of Year	\$ 2,870	\$ 4,929	\$ 4,666



SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 242	\$ 276
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Reserved for Liquor Law Enforcement	242	276
TOTAL LIABILITIES AND FUND BALANCE	\$ 242	\$ 276

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

LIQUOR LAW ENFORCEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Liquor Licenses	\$ 522	\$ 523	\$ 523
Interest and Rents			
Interest Earnings	6	3	8
Total Revenues	528	526	531
<u>EXPENDITURES</u>			
Public Safety			
Protective Inspection			
Personal Services			
Salaries and Wages	560	560	560
Supplies			
Office Supplies	40	0	0
Total Expenditures	600	560	560
Excess of Revenues Over (Under) Expenditures	(72)	(34)	(29)
<u>FUND BALANCE</u> - Beginning of Year	131	276	305
<u>FUND BALANCE</u> - End of Year	\$ 59	\$ 242	\$ 276

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

IMPROVEMENT REVOLVING FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
	<u>ASSETS</u>	
Cash		
Savings Account	\$ 29,898	\$ 19,818
Certificates of Deposit	2,120	2,101
	<hr/>	
TOTAL ASSETS	\$ 32,018	\$ 21,919
	<hr/>	
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	\$ 0	\$ 0
	<hr/>	
<u>FUND BALANCE</u>		
Reserved for Public Improvements	32,018	21,919
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 32,018	\$ 21,919
	<hr/>	

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

IMPROVEMENT REVOLVING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 150	\$ 99	\$ 221
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>150</u>	<u>99</u>	<u>221</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In			
General Fund	10,000	10,000	10,000
Operating Transfers Out			
General Fund	<u>0</u>	<u>0</u>	<u>(28,000)</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>(18,000)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	10,150	10,099	(17,779)
<u>FUND BALANCE</u> - Beginning of Year	<u>21,000</u>	<u>21,919</u>	<u>39,698</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 31,150</u>	<u>\$ 32,018</u>	<u>\$ 21,919</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

HIAWATHA BEACH ROAD IMPROVEMENT FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$          0	\$      2,349
Due from Other Funds	133	0
TOTAL ASSETS	<u>\$      133</u>	<u>\$      2,349</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$      133	\$          0
<u>FUND BALANCE</u>		
Reserved for Road Improvements	0	2,349
TOTAL LIABILITIES AND FUND BALANCE	<u>\$      133</u>	<u>\$      2,349</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

HIAWATHA BEACH ROAD IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDING JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest			
Interest Earnings	\$ 0	\$ 8	\$ 27
Interest and Penalties on Special Assessments	0	0	20
Other Revenues			
Special Assessments	0	0	2,272
Total Revenues	0	8	2,319
<u>EXPENDITURES</u>			
Public Works			
Highways, Streets and Bridges			
Supplies			
Operating Supplies	0	0	8
Other Services and Charges			
Repairs and Maintenance	3,437	3,437	3,436
Total Expenditures	3,437	3,437	3,444
Excess of Revenues Over (Under) Expenditures	(3,437)	(3,429)	(1,125)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In - General	1,087	1,080	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,350)	(2,349)	(1,125)
<u>FUND BALANCE</u> - Beginning of Year	2,350	2,349	3,474
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 2,349

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

PAUL BUNYAN DRIVE ROAD IMPROVEMENT FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$          0	\$          303
Due from Other Funds	133	0
Special Assessment Receivable	<u>0</u>	<u>116</u>
 TOTAL ASSETS	 <u>\$          133</u>	 <u>\$          419</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$          0	\$          116
Due to Other Funds	<u>133</u>	<u>0</u>
 Total Liabilities	 \$          133	 \$          116
<u>FUND BALANCE</u>		
Reserved for Road Improvements	<u>0</u>	<u>303</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$          133</u>	 <u>\$          419</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

PAUL BUNYAN DRIVE ROAD IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDING JUNE 30, 2004  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest			
Interest Earnings	\$ 0	\$ 2	\$ 0
Interest and Penalties on Special Assessments	0	17	26
Other Revenues			
Special Assessments	124	116	1,429
Total Revenues	124	135	1,455
<u>EXPENDITURES</u>			
Public Works			
Highways, Streets and Bridges			
Supplies			
Operating Supplies	0	0	10
Excess of Revenues Over (Under) Expenditures	124	135	1,445
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out - General	(426)	(438)	(35)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(302)	(303)	1,410
<u>FUND BALANCE</u> - Beginning of Year	302	303	(1,107)
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 0	\$ 303



SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR DEBT SERVICE FUND - SEWER PROJECT

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash		
Money Market Account	\$ 54,334	\$ 56,691
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Governments	0	2,688
<u>FUND BALANCE</u>		
Reserved for Debt Retirement	<u>54,334</u>	<u>54,003</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 54,334</u>	<u>\$ 56,691</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR DEBT SERVICE FUND - SEWER PROJECT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Interest			
Interest on Investments	\$ 250	\$ 359	\$ 8,302
Interest on Special Assessments	0	0	621
Other Revenues			
Special Assessments	0	0	855
Penalties	0	0	300
Gain on Sale of Securities	0	0	140,398
Total Revenues	250	359	150,476
<u>EXPENDITURES</u>			
Salaries and Wages	0	0	130
Contracted Services	0	0	7,138
Office Supplies	400	0	783
Refunds to Taxpayers	0	0	861,321
Bank Charges and Other	200	28	0
Total Expenditures	600	28	869,372
Excess of Revenues Over (Under) Expenditures	(350)	331	(718,896)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out - General	(55,200)	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(55,550)	331	(718,896)
<u>FUND BALANCE</u> - Beginning of Year	55,569	54,003	772,899
<u>FUND BALANCE</u> - End of Year	\$ 19	\$ 54,334	\$ 54,003

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR LAKE IMPROVEMENT FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Special Assessment Receivable	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>		
Unreserved	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

NONMAJOR LAKE IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30,

	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>		
Other Revenues		
Special Assessments	\$ 24,150	\$ 24,150
<u>EXPENDITURES</u>		
Recreation and Cultural		
Lake Improvement		
Aid to Other Governments	<u>24,150</u>	<u>24,150</u>
Excess of Revenues Over (Under) Expenditures	0	0
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 0</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED JUNE 30, 2004

	BALANCE 7/1/2003		ADDITIONS		DEDUCTIONS		BALANCE 6/30/2004	
<u>CURRENT TAX COLLECTION FUND</u>								
<u>ASSETS</u>								
Cash	\$	1	\$	1,707,089	\$	1,707,090	\$	0
Due from Other Funds		0		4		0		4
Total Assets	\$	1	\$	1,707,093	\$	1,707,090	\$	4
<u>LIABILITIES</u>								
Overdraft	\$	0	\$	4	\$	0	\$	4
Due to Other Organizations and Individuals		0		5,810		5,810		0
Due to Other Funds		1		148,940		148,941		0
Due to Other Governments		0		1,552,339		1,552,339		0
Total Liabilities	\$	1	\$	1,707,093	\$	1,707,090	\$	4

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN  
STATEMENT OF 2003 TAX ROLL  
JUNE 30, 2004

TAXES ASSESSED

County	\$	544,111	
County - State Education Tax		267,625	
Township			
Operating		41,609	
Roads		50,674	
Fire Protection		26,059	
Lake Improvement		24,150	
Delinquent Sewer - Service Billings		4,799	
Delinquent Road Assessments		133	
Schools			
Cadillac Area Public Schools		489,992	
Mesick Consolidated Schools		54,018	
Intermediate School			
Wexford-Missaukee		<u>321,163</u>	1,824,333

TAXES COLLECTED

County	494,677	
County - State Education Tax	251,823	
Township		
Operating	37,828	
Roads	46,069	
Fire Protection	23,691	
Lake Improvement	23,025	
Delinquent Sewer - Service Billings	1,708	
Delinquent Road Assessments	133	
Schools		
Cadillac Area Public Schools	460,806	
Mesick Consolidated Schools	47,038	
Intermediate School		
Wexford-Missaukee	<u>291,978</u>	<u>1,678,776</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN  
STATEMENT OF 2003 TAX ROLL  
JUNE 30, 2004

TAXES RETURNED DELINQUENT

County	49,434	
County - State Education Tax	15,802	
Township		
Operating	3,781	
Roads	4,605	
Fire Protection	2,368	
Lake Improvement	1,125	
Delinquent Sewer - Service Billings	3,091	
Schools		
Cadillac Area Public Schools	29,186	
Mesick Consolidated Schools	6,980	
Intermediate School		
Wexford-Missaukee	<u>29,185</u>	<u>\$ 145,557</u>

SELMA TOWNSHIP, WEXFORD COUNTY  
CADILLAC, MICHIGAN

STATEMENT OF 2003 INDUSTRIAL FACILITIES TAX ROLL  
JUNE 30, 2004

TAXES ASSESSED

County		\$	678	
Township			147	
Cadillac Area Public Schools				
Local Share	250			
State Share	<u>1,836</u>		2,086	
Wexford-Missaukee Intermediate School				
Local Share	18			
State Share	<u>382</u>		<u>400</u>	3,311

TAXES COLLECTED

County			678	
Township			147	
Cadillac Area Public Schools				
Local Share	250			
State Share	<u>1,836</u>		2,086	
Wexford-Missaukee Intermediate School				
Local Share	18			
State Share	<u>382</u>		<u>400</u>	<u>3,311</u>

TAXES RETURNED DELINQUENT

County			0	
Township			0	
Cadillac Area Public Schools				
Local Share	0			
State Share	<u>0</u>		0	
Wexford-Missaukee Intermediate School				
Local Share	0			
State Share	<u>0</u>		<u>0</u>	<u>\$ 0</u>



134 WEST HARRIS STREET  
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231-775-9789  
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M. WAYNE BEATTIE, C.P.A.  
1902 - 1990  
JACK H. BAIRD, C.P.A.  
JERRY L. COTTER, C.P.A.  
DALE D. COTTER, C.P.A.

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MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

September 15, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Selma Township  
Wexford County  
Cadillac, Michigan

During the course of our audit of the general-purpose financial statements of Selma Township for the year ended June 30, 2004, we noted the following:

Budgeting

The Fire Fund had expenditures that exceeded appropriations. The Township should amend its budgets to allow for these expenditures.

General Condition of Accounting Records

The accounting records being maintained for the year ended June 30, 2004, were found to be in good order and in compliance with the State's uniform accounting system. We commend the clerk and treasurer for their fine effort.

GASB 34

These financial statements are reported under the new GASB 34 accounting standard and are much different than in the past. We recommend the Township carefully review these statements under the new accounting standard. We are available to explain the various changes in detail if so desired.

Balance in Sewer Debt Service Fund

We recommend that the residual balance remaining in the Sewer Debt Service Fund be transferred to the General Fund as provided for by your attorney.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above items or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

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September 15, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Selma Township  
Wexford County  
Cadillac, Michigan

In planning and performing our audit of the financial statements of Selma Township, Wexford County, Cadillac, Michigan for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*